

LI Reps. Join National Committee to Preserve Social Security and Medicare in Announcing Plan to Provide COLA Relief to Seniors Next Year

Babylon, NY— Today, Reps. Steve Israel (D-Huntington), Carolyn McCarthy (D-Mineola), Tim Bishop (D-Southampton), joined with Babylon Supervisor Steve Bellone, the National Committee to Preserve Social Security and Medicare and local seniors in announcing a plan to provide COLA relief for Social Security recipients. Social Security will not increase next year and the Representatives announced that a vote would be scheduled on a \$250 fix to make up for the loss in 2011 and advocated for legislation to change the underling formula that determines those annual adjustments.

“This recession has hit seniors hard. Their health care costs have risen and they’ve seen their savings wiped out and their home values fall,” Israel said. “Yet, the Washington number crunchers overlooked these factors when deciding whether to give Social Security recipients a cost of living adjustment. It makes no sense that Social Security benefits are determined by a formula that isn’t specific to seniors. We need to fix the process so that they don’t get an additional hit from their Social Security income.”

Congresswoman McCarthy said, “In this difficult economy, no one has been hit harder than our seniors living on a fixed income. Seniors rely on the yearly cost-of-living adjustment (COLA) to help cover their ever increasing costs. When there is no COLA, there is a real impact for seniors. The current model for determining the COLA increase is ineffective as it does not take into account actual costs to seniors. We need to provide immediate relief to seniors,” said Congresswoman McCarthy. “This is why last year I introduced legislation to provide a one-time payment in lieu of a COLA for 2010 and continue to support this for 2011. In the long-run we need to replace the current model of determining the COLA with one that takes into account the real economics of seniors, which is why I support H.R. 2365 – the Consumer Price Index for Elderly Consumers Act.”

Congressman Bishop said, “We should be able to put aside our partisan differences and all agree that we need to do more to protect seniors and middle-class families,” Congressman Tim Bishop said. “I have a real problem with no cost of living adjustment for Social Security recipients. While inflation may have decreased, seniors' primary expenses, including food and health care, all have increased. If the formula we're using says they haven't, then we need to change the formula.”

“The current state of the economy has had a tremendous impact on seniors who are struggling to make ends meet on a fixed income,” said Babylon Town Supervisor Steve Bellone. “I am proud that Congressman Israel, Congressman Bishop and Congresswoman McCarthy chose the Town of Babylon to announce their plan to protect our seniors.”

Reps. Israel, McCarthy and Bishop announced that the House will schedule a vote on legislation to provide a one-time \$250 payment to about 54 million Social Security recipients next year, in the event that there is no COLA. The Representatives called for Congress to take up this legislation as well as a bill that would fix the problem when Congress returns to session on November 15. Last year, Congress passed similar legislation allowing for a \$250 additional payment to Social Security recipients.

On Friday, the Social Security Administration was expected to announce a freeze in benefits in 2011. This will be the second year in a row that the SSA has frozen Social Security Benefits.

This unprecedented situation is a result of a formula administered by the Social Security Administration based on economic conditions, not the result of Congressional or Presidential action or inaction. The COLA is set by a formula in the law.

Currently, Social Security benefit adjustments are calculated based on a Consumer Price Index (CPI). This number is meant to reflect the increases in costs that households face. While the CPI might approximate the cost of living increases that face the population generally, it does not do a good job of measuring the costs specific to seniors. Seniors are more susceptible to increases in health care prices in particular and while national energy prices have fallen over the last two years, that does not impact elderly households as much as health care, which has continued to rise. In fact, seniors spend two to three times as much as the general population on health care costs.

Legislation pending before congress (H.R.2365) would emphasize the prices of things that seniors rely on heavily (like health care) instead of focusing on costs that they are less impacted by (like education). A federal study showed that since 1983, in every year but one the cost of living index for seniors would have been higher than the formula currently used. Reps. Israel, Bishop and McCarthy called on the House of Representatives to take this legislation up when Congress returns from its recess on November 15.

The Members of Congress also discussed the broader future of Social Security and were applauded for their commitment to preserving Social Security by Max Richtman, of the National Committee to Preserve Social Security and Medicare. All three Representatives objected to proposals to put Social Security funds into the stock market, a plan proposed by former-President George W. Bush that has seen a resurgence this year. The mission of the National Committee to Preserve Social Security and Medicare is to protect, preserve, promote, and ensure the financial security, health, and the wellbeing of current and future generations of maturing Americans. As Executive Vice President of NCPSSM, Mr. Richtman has testified in front of both House and Senate Committees about preserving Social Security. He is one of the nation's foremost experts on Social Security.